

David H. Arland

Director, Worldwide Public & Trade Relations
Marketing & Sales

August 1, 2002

The Honorable Michael Powell
Chairman
Federal Communications Commission
445 12th Street, SW
8th Floor
Washington, DC 20554

Dear Mr. Chairman:

Thomson is writing to communicate its support for the Commission's renewed efforts under your leadership to accelerate the digital television ("DTV") transition. In particular, we wish to clarify our position regarding your April 4, 2002 voluntary industry initiative proposal for the phased integration of over-the-air DTV tuning/decoding capability in new television receivers.

Thomson provides a wide range of video enabling technologies, systems, finished products and services to consumers and professionals in the entertainment and media industries. As the manufacturer and marketer of RCA, RCA Scenium, and GE-branded home electronics products, Thomson is an established leader in the television, satellite set-top, and home telephone industries. Our pioneering work in video compression and cooperative assistance in forming the Grand Alliance helped create the Advanced Television Systems Committee (ATSC) digital TV standard adopted by the FCC. Thomson just announced its third generation of digital high-definition Monitors and HDTV integrated tuner/decoder Sets. Our entire digital TV line now features panoramic widescreen displays and secure digital inputs to ensure protection from video piracy.

Previously, Thomson proposed a gradual integration of ATSC tuning/decoding capability, leading to a 100% integration in TV products 32-inches and larger by the end of 2006 and the sale of affordable set-top boxes to be used with smaller TV products. We believed it was more appropriate to delay establishing deadlines for integration of ATSC reception/decoding capability

into the smaller sized sets to permit the cost of integration to drop substantially from current estimates. In that way, we could safeguard purchasers of small-sized television sets from "digital sticker shock". Under this approach, integration of ATSC reception/decoding capability for all TV sets 13-inches or greater could be accomplished as the technology matures.

However, we understand the interest of Congress and of the Commission to accelerate the digital TV transition and free up the analog frequency spectrum. We are therefore prepared to make a more aggressive commitment:

Thomson is now prepared to support your April 4, 2002 plan which calls for a voluntary phased integration of ATSC reception/decoding electronics into all television sets.

We believe, however, that the following points should be discussed:

The dates given for 100% ATSC tuner/decoder integration in new TVs below 35" could be delayed by one to two years to 2007 or 2008. This will allow the technology to mature and reach more acceptable cost premiums for the consumer.

The voluntary phased-in schedule should be followed by the whole industry, since we cannot act on our own in this highly competitive market.

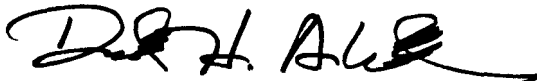
Nearly 70% of American households get their TV signals through a cable system. Just as today's NTSC analog television sets include circuitry that allow for simple "plug and play" functionality with cable, Thomson believes that such cable interoperability is critical to a successful digital TV transition. Without a national standard adopted and deployed by the nation's cable operators, and then built-in to TV sets, consumers will be forced to pay twice for digital TV decoding – first for the ATSC receiving/decoding circuitry built into the TV and secondly with the lease or purchase of a cable set-top box with duplicate circuitry. As you consider the most effective ways for digital TV to reach American households, we urge you to consider an approach involving the integration of both digital terrestrial broadcast and digital cable TV capabilities inside future TV sets within roughly the same time frame. The Commission certainly values the need to make the digital conversion affordable for consumers.

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Thomson has worked constructively with the Commission and with Congress to overcome many obstacles that have confronted the DTV transition in the past and is committed to continuing to do so in the future. In that regard, Thomson looks forward to working with you and the other Commissioners and the Commission staff on the issues outlined above, as well as on digital content protection, which you highlighted in your April 4, 2002 letters to Chairmen Tauzin and Hollings.

We thank you for your thoughtful leadership in helping to translate the promise of digital television into a reality for the American consumer.

Sincerely yours,

A handwritten signature in black ink, appearing to read "D. H. Arland", with a stylized flourish at the end.

David H. Arland
Director, Public & Trade Relations

cc: Commissioner Kathleen Abernathy
Commissioner Kevin Martin
Commissioner Michael Copps
Ken Ferree, Chief, Media Bureau
Rick Chessen, Head of DTV Transition Task Force
The Honorable W.J. ("Billy") Tauzin
The Honorable John D. Dingell
The Honorable Fred Upton
The Honorable Edward J. Markey
The Honorable Ernest F. Hollings
The Honorable John McCain